



AUSTIN  
EXPLORATION

Listed on the Australian Securities Exchange ("AKK") and the OTC in the USA (AUN-XY)  
ACN 114 198 471

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ASX ANNOUNCEMENT

30 August 2016

## Austin Expands Pathfinder Property with new acquisition

- Austin completes 491 acre acquisition in Florence Colorado
  - Company now controls 100% of 15,773 acres in the oil and gas rich Florence field
  - Property large enough to accommodate 390+ wells in the Pierre formation
  - Option secured over an additional 1000 acres with commercial terms under negotiation
  - Pierre wells remain economic in the current low oil price environment
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The Board and Management of Austin Exploration Limited (**ASX:AKK**) (**Austin or the Company**) are pleased to announce that the Company has completed the acquisition of an additional 491 net acres at the Company's flagship Pathfinder property in Florence, Colorado.

Post this acquisition, Austin's Pathfinder project is now large enough to accommodate 390+ wells in the Pierre formation with more than 20 years of drilling capability.

This highly value accretive acquisition increases Austin's position to a cumulative total of 15,773 acres, all of which lies over the oil and gas rich DJ Basin in Colorado. Austin is the sole operator of this project and controls a 100% working interest. As such, the Company is in full control over all development and expenditures.

The 491 acres acquired lie directly contiguous to where the Company is currently drilling a three well program. Austin's existing high definition 3D work indicates that extensive natural fracturing extends over the newly acquired acreage. The highly fractured areas found within the Pierre formation provide optimal storage for crude oil accumulations.

On the back of the Company's current drilling program, where oil was discovered on the first well of a three well program (ASX 26 May 2016), the Company is working diligently to increase the size and scale of its Pathfinder project. Austin's acreage lies in virgin territory directly to the west of the Florence field that has produced more than 15 million barrels of oil.

More critically, the oil discovery on the Magellan #1 well confirms an active hydrocarbon system is present over Austin's property.

The Company is further pleased to advise that it has secured an option over an additional 1000 acres that lie directly contiguous to Austin's existing property. These negotiations are ongoing, and as such the terms and conditions remain commercial in confidence. The Company will advise shareholders of any material developments as and when it is able.

Austin's Executive Chairman, Guy Goudy, commented that: "Seeing a large 790ft column of oil on the Magellan well was significant in terms of the long term and large scale potential of our Pathfinder project. Accordingly, our first goal is to expand to 20,000 acres, which is a significant footprint in one of the North America's premier oil and gas basins. Now is definitely the time to expand and acquire further acres when oil prices are low and land values are selling at a fraction of what they were a short time ago. "

"We fully intend to capitalise on opportunities that are coming our way as a result of being debt free, and as one of the few oil and gas companies that is actively seeking expansion during the current down-turn. This strategy sets the Company up for an exciting future when oil prices recover."

Pierre Shale wells do not require expensive long horizontal well bores or hydraulic fracturing and therefore remain economic in a low oil price environment. Austin's base case production rates at \$40 to \$50 p/bbl, with a USD\$500k well cost, have an NPV of ~USD\$1.5 mil to \$1.9mil pay back in less than 7 months, and provide profitable cash flows for more than 20 years – these figures relate specifically to the Pierre formation. The deeper oil and gas formations, which include the Niobrara formation, the Grenaros formation and the Greenhorn formation, will be developed when oil prices recover. Each of these formations have 20 year plus production potential.

Please see Austin's August Investor Presentation that was released to the ASX on the 11<sup>th</sup> of August 2016, and can be found at [www.austinexploration.com/investors/presentations/](http://www.austinexploration.com/investors/presentations/) )

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**ABOUT AUSTIN EXPLORATION:**

Austin Exploration is an Oil and Gas Company with a portfolio of oil and gas assets in the United States. The Company has now established a major presence in two of America's most prolific oil and gas basins. Austin controls more than 15,000 acres in Colorado in the DJ Basin (Niobrara and Pierre Shale) and 4000 acres in the Illinois Basin in Kentucky. Austin has interests in producing oil and gas wells in Colorado, Kentucky and Texas. Austin has built a world class Board and Management team with proven company builders to derive maximum value from its oil and gas properties. Austin is listed on the Australian Securities Exchange (ASX code: AKK) and on the OTC in the United States (AUN-XY).

**DISCLAIMER:**

This announcement contains or may contain "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21B of the Securities Exchange Act of 1934. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, goals, assumptions or future events or performance are not statements of historical fact and may be "forward looking statements." Forward looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. Forward looking statements in this action may be identified through the use of words such as "expects", "will," "anticipates," "estimates," "believes," or statements indicating certain actions "may," "could," or "might" occur. Oil production rates fluctuate over time due to reservoir pressures, depletion or down time for maintenance. The Company does not represent that quoted production rates will continue indefinitely.

